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ARIZONA CORPORATION COMMISSION

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December 26, 1997

RECEIVED  
DEC 29 1997  
FEDERAL BUREAU OF INVESTIGATION

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street  
Room 222  
Washington, D.C. 20554

**RE: REPLY OF THE ARIZONA CORPORATION COMMISSION TO US WEST COMMUNICATIONS, INC.'S RESPONSE TO THE ACC'S PETITION FOR EXPEDITED WAIVER OF 47 C.F.R. § 54.409(a) DOCKET NO. 96-45**

Dear Secretary Salas:

Enclosed is an original and nine copies of the Reply of the Arizona Corporation Commission to US WEST Communications, Inc's Response to the ACC's Petition for Expedited Waiver of 47 C.F.R. § 54.409(a) of the FCC's Rules and Regulations on Lifeline Service. Please provide a copy of the Petition to each of the Commissioners.

If you have any questions regarding this matter, please do not hesitate to contact me at (602) 542-6024.

Very truly yours,

ARIZONA CORPORATION COMMISSION

A handwritten signature in cursive script that reads "Paul A. Bullis".

Paul A. Bullis  
Chief Counsel  
Legal Division

PAB:jes  
Enclosure

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LIST ABOVE

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of )

CC Docket No. 96-45

Federal-State Joint Board on )

Universal Service )

**REPLY OF THE ARIZONA CORPORATION COMMISSION  
TO US WEST COMMUNICATIONS, INC.'S RESPONSE  
TO THE ACC'S PETITION FOR EXPEDITED  
WAIVER OF 47 C.F.R. SECTION 54.409(a)**

On December 3, 1997, the Arizona Corporation Commission ("ACC") filed a Petition for Expedited Waiver of 47 C.F.R. Section 54.409(a) to permit Arizona's Senior Discount<sup>1</sup> customers and low-income customers under US WEST Communications, Inc.'s ("USWC") Telephone Assistance Program ("TAP") for the medically needy, to continue to qualify for federal matching funds under the FCC's revised Lifeline rules. On December 12, 1997, USWC submitted a response to the ACC's Petition for Expedited Waiver. The ACC submits this reply to USWC's response.

The ACC originally sought a temporary waiver of 47 C.F.R. Section 54.409(a) for the Arizona Senior Discount Program until the eligibility criteria for state matching funds could be changed. The ACC has no objection to, and would support, a permanent or indefinite waiver of Section 54.409(a) for Arizona's Senior Discount Program as requested by USWC. The ACC agrees with USWC that neither USWC nor the ACC can assure that the state legislature will agree to modify the criteria by July 30, 1998, as requested by the ACC. The ACC also agrees that if the Senior Discount criteria cannot be changed by July 30, 1998, then the temporary waiver requested

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<sup>1</sup> The Senior Discount or Low Income Telephone Assistance Program is codified at Ariz. Rev. Statute Sections 46.701-46.704.

by the ACC would expire and these customers would receive the benefits under the new program for only the first six months of 1998. Additionally, a permanent waiver would permit the Senior Discount Program to remain in effect as a subset of Arizona's expanded Lifeline program. This would be consistent with the ACC's request for a permanent waiver of 47 C.F.R. Section 54.409(a) for purposes of USWC's TAP for the medically needy.

The ACC disagrees with USWC's belief that the FCC did not intend to implement multiple Lifeline programs in each state. USWC Comments at p. 4. To the contrary, the ACC believes that the FCC's First Report and Order provided for an expanded Lifeline program up to the baseline amount of \$5.25 in all states, as long as the state approved a reduction in end-user local rates of \$1.75. Indeed, one of the FCC's primary reasons for adopting the expanded Lifeline program was its concern that some states had not yet adopted Lifeline plans at all, while other state plans were based upon extremely restrictive criteria which disqualified many low-income customers. It is clear that the FCC wanted the expanded Lifeline benefits to be immediately available to qualifying low-income customers in all states. The ACC recently adopted the federal default criteria for purposes of Arizona's expanded Lifeline program.

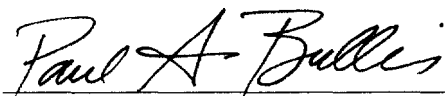
The ACC views the Arizona Senior Discount Program and USWC's TAP program as subsets of its expanded Lifeline program. All three programs are based upon income. Approximately 3,400 low-income senior citizens in Arizona qualify for the Arizona Senior Discount Program. USWC's TAP program has 7,100 qualifying customers. Arizona's expanded Lifeline program is expected to have approximately 350,000 qualifying low-income customers.

The ACC further notes that the argument that the FCC did not intend to implement multiple programs is inconsistent in that there are already two programs now in effect in Arizona, as already discussed. The ACC also has no basis to believe that the programs discussed herein

would be difficult to administer, implement or understand. USWC is already administering two of the programs. The ACC acknowledges that the expanded program will, simply because of the larger base of qualifying customers, be more difficult to administer than the present programs. Accordingly, the ACC does not oppose USWC's proposal to provide a retroactive credit, if necessary. The FCC should not, however, put billing or administrative difficulties ahead of the need of approximately 340,000 Arizona low-income customers who qualify for expanded Lifeline assistance.

For all of the above reasons, the ACC respectfully requests that the FCC grant its Petition for Expedited Waiver of 47 C.F.R. Section 54.409(a) so that qualifying customers in Arizona's Senior Discount Program and USWC's TAP program can receive federal matching funds. The ACC also respectfully requests the FCC to clarify that the ACC's implementation of the expanded Lifeline plan is consistent with the FCC's First Report and Order and its implementing rules and regulations.

RESPECTFULLY SUBMITTED,



Maureen A. Scott  
Christopher C. Kempley  
Paul A. Bullis

ATTORNEYS FOR THE ARIZONA  
CORPORATION COMMISSION

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Dated: December 26, 1997.